

481—100.33(99B) Expenses. Reasonable expenses shall not exceed 25 percent of the net receipts.

100.33(1) No expense item shall be allowed without a proper receipt, paid invoice or canceled check and shall not be paid from an outside source. The burden of proof is on the licensee to show that all expenses were incurred exclusively and directly as a result of the gambling activity. An expense will not be considered reasonable if the amount charged significantly exceeds the prevailing rate or average retail cost of the item or service purchased.

100.33(2) Expenses allowed within the 25 percent limit are:

- a.* The license fee;
- b.* Rent of building or equipment;
- c.* Taxes (other than state and local sales tax paid on gross receipts);
- d.* Promotion expense;
- e.* Major equipment purchases;
- f.* Overhead expenses;
- g.* Worker compensation; and
- h.* Other expenses incurred exclusively and directly as a result of the gambling activity.

This rule is intended to implement Iowa Code section 99B.7(3) “c.”